was it, the SEC wrote Rule 19C3, I think. I may not get this precisely right. The SEC tried to write a rule that prohibited low vote or non-voting stock after there was a big outcry over this subject, which was the second outcry.

The first outcry occurred before the great crash, a professor came down to the New York Stock Exchange and proclaimed that it was unfair to shareholders to have non-voting stock and the New York Stock Exchange rewrote the rules to prohibit it. But then we have the American and Nasdaq, which didn't have those rules, and in the 80s, there was a hue and cry over that, I mean -- and the committee was appointed by the SEC to study this issue, or it may have been appointed by the stock exchanges.

Anyway, I served on that committee and we wrote a report which led to 19C3, which was then, I think, ruled beyond the powers of the SEC to enact, but anyway, I have some basis of experience in this.

I would have to go back and study

what came up, but it is hard to get away from the impression that there is a serious difference in value between the right to vote and the absence of a right to vote or the right to have only a limited vote.

Q. Did you go back and study the work you did for the American Stock Exchange?

A. Not at all.

Q. And --

A. I'm just giving you -- I wanted to mention that so that it is not a surprise if I ever mention it again. But I'm giving you my best recollection, which isn't very good.

Q. In a company with an 80 percent shareholder, the votes are going to be -- the outcome of any election is going to be determined by that 80 percent shareholders' vote; is that fair?

A. Well, unless they have an unusual set of articles or bylaws.

Q. And, therefore, the minority shareholders' stock whether voting or not in a circumstance where one entity has a controlling interest is generally equivalent

on those circumstances to non-voting stock, isn't it?

A. Not necessarily.

Q. Why not?

A. Because it's a different set of rights and circumstances can change, and when they do change, the vote may develop more rather than less value.

I mean, precisely the situation here where if stock were issued widely to change the 80 percent to something below 50, for example, then the value of the minority share and its vote would presumably go up.

Q. At the expense of the majority share?

A. Well, I don't know if it is at the expense of the majority.

Q. Well, to the extent that voting control has a value, it would shift from the controlling shareholder to all the shareholders generally; is that fair?

A. That's right.

Q. The structure of having a low vote or non-voting stock in your experience is a

Longstreth

fairly common structure for media and entertainment companies?

A. Like the New York Times?

Q. Right.

A. It's not uncommon.

Q. In exchange 2, paragraph 3 of your report, on page 3.

A. Okay. Page 3.

Q. You make a statement saying that "Mr. Fowler's argument is far too narrowly based", and we've discussed already some of the things that you think Mr. Fowler said.

I want to focus on some of the particular examples that are in this paragraph, and one is the participation by Marvel's top executives, its counsels, and its auditors making the note issuances possible.

Do you see that?

A. Yes.

Q. The participation by its counsel, does that refer to the three opinion letters that are cited as materials considered in Exhibit B to your initial report?

A. That's one of the elements in participation, yes.

Q. Are there any other elements in participation by counsel for Marvel that you're referring to?

A. Well, I think counsel for Marvel would have either participated in the road shows or prepared the executives to conduct those road shows. I mean, I think that the counsel was involved in ways that a counsel would be involved if it were issuing these notes itself. The exact scope of that, I'm not sure of.

Q. Are you just speculating about that?

A. No.

Q. What facts are you basing your views on?

A. Because the counsel gave this opinion and the opinion required that it have a basis of knowledge to give that opinion. That kind of opinion is not rendered with blinders on.

Q. The opinion that was given, you

described in the previous report as a 10(b)(5) opinion; is that right?

A. I think so.

Q. And 10(b)(5), does that refer to Rule 10(b)(5)?

A. Of the 34 Act, yes.

Q. And that's a rule that prohibits companies from issuing fraudulent financial statements; is that fair?

A. Fraud of any kind in connection with the issuance of securities.

Q. And this 10(b)(5) opinion that you're referring to, is that in essence an opinion stating that the financial statements of the company are not in violation of Rule 10(b)(5)?

A. Well, typically a 10(b)(5) opinion has a carve out for financials.

Q. So it's not certifying the financial statements?

A. By an accountant.

Q. So it's only certified the financials in that there is no material misstatement or omission in those financial

statement; is that correct?

A. Yes.

Q. And in those circumstances, the counsel for Marvel, he is not giving an opinion to the holding company's public filings. He is just talking about his own company?

A. Yes, as we have agreed, I don't know if we've agreed, but that's the source of the value here.

Q. So in these circumstances, what the opinion that's being given by the counsel for Marvel is that his company hasn't committed fraud in the non-financial side of its financial statements?

MR. FRIEDMAN: I object to the form of the question.

Q. Is that fair?

A. No, I don't think the word fraud appears in the typical 10(b)(5) opinion. It sticks pretty close to the statute.

Q. So there is no materially false statement or omission in the company's public filings?

A. The omission of a fact necessary to make the facts stated therein not misleading.

Q. And when a company -- I take it you were at the SEC at one time, correct?

A. I was.

Q. And you've also been a securities lawyer for many years, right?

A. Yes.

Q. And is it your understanding that investors in public companies are entitled and expected to rely on publicly filed documents from public companies as being in compliance with that Rule 10(b)(5) and 34 Act requirement?

A. Is it my understanding.

Q. It's a bad question, I'll try it again.

If I'm an investor in any public company, I can expect that if I look up the company's public filings, that those public filings are going to be free from material misstatement or omission because the company has endeavored to make sure that they are; is that fair?

A. That's the hope, yes. And I think that the SEC's job is to set up a set of procedures that give the typical investor some assurance that that's the case. That the information furnished to them is reliable.

Q. So this expectation that you can rely on the financial statements and the public statements of the company as being free from material misstatement is not something that is special or unique to anyone who gets a 10(b)(5) opinion, but there is a reasonable expectation of any investor; is that fair?

A. Yes.

Q. You also state that the auditors for the company give a comfort opinion. What is your basis for that statement?

A. I think that counsel told me that.

Q. Have you seen the comfort opinion?

A. I don't think I have.

Q. And it is not really a comfort opinion, it is a comfort letter, isn't it?

A. Well, that's quibbly.

Q. Don't auditors quibble about the word opinion?

A. Everybody quibbles about the word opinion nowadays, including lawyers, so a 10(b)(5) opinion isn't called an opinion, it's called a letter. It's separated from the legal opinions. All kinds of things are done to try to make it appear to be something that it isn't. And I think the same is true of accounting. Did I call it?

Q. You called it a comfort opinion. I do a lot of work in this field and I have never come across a comfort opinion. I have come across comfort letters though, that seems to be a term of art.

A. Okay, I grant you that other people, particularly accountants, might call it a letter.

Q. And a comfort letter, what is it?

A. It's a statement by the auditors that having participated in the offering of securities that is the subject of its letter or opinion, nothing has come to its attention that would suggest to it that there are

misstatements of material fact or omissions of fact that are necessary to make the statements made not misleading. It's that kind of thing. It's sometimes called a cold comfort letter.

Q. Is that your understanding of what the letter that Marvel's auditors issued in connection with these offerings said?

A. It is.

Q. And would it be different to you if instead of that, the comfort letter made reference to its previous conducted audits and identified that the company had been audited as of X date and that that particular auditing firm E&Y had issued audits as of that date and opined as of those particular dates that the financial statements were free of material error?

A. I don't understand the question.

Q. Okay. As I said in the beginning, I'm happy to rephrase.

Would it be different if instead of -- the distinction that I'm asking you about, you said they participated in the

offerings and nothing had come to their attention in the course of the offerings as opposed to referring back to their last dated audit?

A. Right.

Q. And saying we audited this company as of this date, and as of the date of that audit --

A. Nothing had come to our attention back then.

Q. They all say as of the date of the audit, here is our opinion, that they basically refer back to the last opinion that they gave and advised the underwriters that there is such an opinion stating that the company has financial statements that have been audited in accordance with GAAP as of that date?

A. And that's all they said?

Q. Yes. Would that be different to you?

A. Well, that doesn't sound like the kind of comfort letter that I'm familiar with, if those are the facts. You understand

my purpose in mentioning the things I have mentioned was simply to show that in many respects, the Marvel and its professionals participated in this offering to an extent that suggested that they were very involved in it. And to an extent suggesting that if they hadn't been that involved in it, the offering would have not taken place.

Q. Let's ask about the third area which you have mentioned here, which is that Marvel's officers participated in road shows to market the notes.

Do you see that?

A. Yes.

Q. And who, to your knowledge, was a Marvel officer who participated in a road show for the notes?

A. I would have to refresh my recollection on that.

Q. Do you know what the source of your knowledge for that statement was?

A. I think -- I don't know if it is in the opinion or not. I think I know I was told that by counsel, but I may have read it

elsewhere as well.

I think I did read it. I mean, I read the brief.

Q. You may have read it in a brief or opinion, but you didn't look at any of the underlying evidence on that issue; is that correct?

A. What is the underlying evidence?

Q. I'm trying to understand the underlying evidence that you're relying on.

A. I think I would have had to have been out there and see who was at the road shows. I didn't look at anything anyway.

Q. Does it matter to you the extent to which Marvel's officers participated in the road shows? How many officers or how many road shows?

A. For the purposes of what I'm trying to say, I don't think it matters.

Q. Do you know who Mr. Bevins is?

A. Yes, he is one of the officers.

Q. He was chief executive officer of Marvel, correct?

A. Yes.

Q. I'll tell you he testified and he participated in the road shows.

A. Yes.

Q. He was also an officer of the holding companies?

A. That's right.

Q. Do you know that his salary was paid by the holding companies?

A. I don't know who paid his salary.

Q. Would it matter to your judgment that you have reached here that Mr. Bevins who participated in the road show was a dual officer and his paycheck came from the holding companies not from Marvel?

MR. FRIEDMAN: I object to the form of the question.

A. Well, regardless of who's paying you, I guess he is there because he knows something about Marvel, and the noteholders of the placement agent want someone who knows about Marvel to talk about its condition, financial condition, and its prospects. I assume he didn't answer a lot of questions about the holding companies because they

aren't doing anything.

Q. Now, if you were a director of Marvel and/or any company, any company that has a large shareholder and is going to do an offering, either a secondary offering of the shares it owns, or something like this where they are issuing notes that are pledged, and you know they are going to go out and tell the Marvel story because Marvel is, as you say, the story that people would be interested in, do you think it would be reasonable under those circumstances for Marvel management to want to be directly involved and be the ones actually out there in front of these investment banks and market makers telling the Marvel story versus having someone else do it?

A. Well, if it were benefitting them, their company, whatever they were appearing before was for the benefit of their company, they certainly would want to be there. If it is not benefitting them at all, I think a different calculus applies.

Q. Well, let me ask you this: If you

had an opportunity as management of the company to go before large investment banks and other market makers who were not only looking at these notes but who also follow Marvel's stock, issue opinions about recommendations of Marvel's stock, it matters to a company like Marvel what the investment bank and other analysts following the stock think about the company, doesn't it?

A. Yes.

Q. And you might be concerned, for example, if someone else is going to go out and tell the Marvel story without you actually being present in the room while these analysts who are hearing about Marvel are -- they might get misinformation, for example. Is that a valid concern?

A. Well, if it -- yes, you're making a fair point, that they would -- given the type of -- of audience, if it is a bunch of security analysts who follow Marvel stock, they would have an interest in making sure the story is correct.

MR. FRIEDMAN: When you reach a

convenient point, can we take a break for a minute?

MR. LOCKWOOD: Sure. Why don't we take a break now because my next question will require, I think, a lengthy answer.

THE VIDEOGRAPHER: It's 3:54 and we're going off the record.

(Thereupon, a recess was taken, and then the proceedings continued as follows:)

THE VIDEOGRAPHER: It's 3:59 and we're back on the record.

BY MR. LOCKWOOD:

A. Before you start with this long question, can I elaborate one answer to a question you asked me?

Q. If you need to.

A. I'd like to.

You asked me about the purpose of all of the information that the SEC requires to be delivered to the investors.

Q. Yes.

A. Whether it is supposed to be

correct material-wise and I said yes. And that was in the context of the 10(b)(5) opinion. I simply want to say that for a lawyer to give a 10(b)(5) opinion is a very -- is not a matter of simply writing it out without having done extensive work, and so in the case of this lawyer giving this opinion, it would represent in the minds of those receiving it, as well as in his mind as a professional, which I assume he was, an opinion based upon a large amount of involvement in the note issuance. The practice, the common practice in giving such opinions is to do today, because of 144A type transactions, to do the equivalent of the kind of due diligence you would do in a public offering. So I don't think -- I think it is simply important to understand what I believe the delivery of that opinion represented in terms of the company's engagement of this offering.

Q. The opinion that he gave didn't pertain to the company, the issuers or the securities. It pertained to the business of

Marvel and its prior statements, public statements; is that right?

A. Well, I think it pertained to the reps and warranties that were given with respect to Marvel by the holding companies. I think it would pertain to -- it should pertain to anything and everything that the -- that the noteholders were looking at in deciding whether to invest in these notes.

MR. LOCKWOOD: Let's mark this as 9.

(Longstreth Exhibit 9, 10(b)(5) Opinion, marked for identification, as of this date.)

A. I have Exhibit 9.

Q. So is this the opinion that you're referring to, 10(b)(5) opinion with respect to the Marvel III offering?

A. Yes, I think so. Just let me -- February, 18, that's one of them. Okay.

Q. Let me ask you first, is it your view that an opinion from Marvel's general counsel was necessary, was irreplaceable to

the underwriters in connection with this transaction?

A. Well, it was necessary because it was a condition to closing under the purchase agreement.

Q. Is it in your experience that the 10(b)(5) opinion that you're referring to typically comes from the issuer, the issuer's counsel?

A. Yes.

Q. And in these circumstances, if the issuer had gone to the underwriter and said you're going to be getting an opinion from the issuer's counsel instead of the operating company's counsel, do you have any basis to say that that wouldn't have been acceptable to the underwriter?

A. I think the opinion -- an opinion from counsel to the holding company who issued the notes would be less desirable. How much less desirable to become unacceptable, I don't know.

Q. And as someone familiar with SEC regulations and how companies act initially,

financial statements that are subject to the SEC rules, would a holding company that incorporates its operating company's financial statements into its consolidated financial statements, would it be responsible for the accuracy of all of the financial statements including the subsidiaries' financial statements?

A. The holding company?

Q. Yes, if it issued its own financial statements that were consolidated and including the sub's financial statements, it's responsible for the whole thing; is that correct?

A. Well, it is responsible for its financial statements, but this transaction involved a great deal more than just financial statements and its level of responsibility would vary a great deal depending on whether that holding company was a holding company or a private company.

Q. So if you have a holding company, a company that's going to be issuing securities that are subject to the Securities Act, it

would have a responsibility to ensure that there is no false or misleading statements in its prospectus; is that correct?

A. In its prospectus, yes.

Q. And to the extent that its prospectus incorporates information about its operating subsidiary, it would still have a responsibility to do due diligence and have a basis to say that the operating company's financial statements are correct?

A. That's true.

Q. And that's true of any public holding company has got an obligation to do that when it issues securities, correct?

A. Yes.

Q. So in your experience, is it typical for public holding companies to have access to the staff of its public operating companies so that it can comply with the securities laws in issuing its own securities?

MR. FRIEDMAN: Is your question limited to public operating companies?

Q. It's public operating companies and

public holding companies is the question. Public on both levels.

A. Yes.

Q. You say in your opinion on page 3, second sentence of the second paragraph, under number 3, that "the truth of the matter is, however, that the note issuances could not have been affected without them", and I believe based on the context that the them is the other actions that Marvel staff and advisors took in connection with this transaction.

What is your basis for that statement?

A. Well, it's an opinion. It's my opinion. It's based upon what actually did happen and what I think a placement agent and noteholders would likely demand in a situation such as this. I mean, this is an unusual situation in that the holding company is a shell. But it's being asked to issue notes for a large amount of money. So it is an unusual transaction. The questions you put to me about a public holding company

were, I think --

Q. More general?

A. Yes. So that's the basis for -- this is my experience and an analysis of the transaction, but it's only an opinion.

Q. Is there a -- is there any effort that you made to look at comparable transactions or comparable companies, comparable issuances before you reached this opinion?

A. No.

Q. Did you look up any economic or industry or market literature research before you reached this opinion?

A. No.

I think it is an opinion based on my experience, familiarity with 10(b)(5) opinions, and what would be expected by, as I said, by the placement agents or the noteholders, the investors. And that's informed by many years of advising investors in private placements as well as public offerings. But it is just an opinion.

Q. If you look at page 4 of your

report.

A. Yes.

Q. I asked you some questions that caused this to come up earlier, but I don't think I have explored it fully.

Is that your final conclusion is that you take into consideration all of these issues that you discussed and believe that the consideration that Marvel would have required would likely have been in the order of magnitude of 150 million dollars.

Can you explain to me the methodology that you used to reach that 150 million dollar figure?

A. Well, it wasn't rocket science or science of any kind. It's just a ballpark judgment. I mean, ballpark being another way of saying order of magnitude. And it is a large number. This was a large transaction in the sense of 553 million dollars being extracted from the company indirectly and going to one stockholder rather than all the stockholders. So at a cost of potential harm to the -- so you look at that, and you look

at the market cap of the company, Marvel at that time, and say something in this order of magnitude would be enough. If, and I keep coming back to the if, because it is very important in my mind. If I were prepared to do this at all.

Q. The first offering, I don't have the offering memoranda in front of me. Maybe Mr. Friedman can correct me if I'm wrong, but I think the numbers of the first offering are in the range of 380, 390 million dollars?

MR. FRIEDMAN: The proceeds of the first offerings I think were in the range of 288.

MR. LOCKWOOD: You're right. Okay.

Q. So 288 million dollars, off by 100 million. Did you do an analysis of -- let's say that was the only offering, can you tell me under your methodology what the bargaining threshold would have been for that -- because I take it the bargaining would have happened serially, there would have been first offering bargaining, second offering

bargaining, third offering bargaining, so at the second session?

A. Do we know, you asked the question, wouldn't you, how many times are you going to do this? I mean, how much money are you going to extract?

Q. Let's see if we can break it down. The first offering happens in 1993, it's 288 million dollars of the proceeds of the offering, and you're on the board, and I'm just trying to understand based on you have 150 million dollars listed here. Can you describe for me under the methodology you employed how much money you would have sought in that first offering?

A. Well, what I'm trying to ask you is do I know that the ultimate issuance will be 553 or is it something less?

Q. No, at the first offering, all you know is it is 288. You don't have a crystal ball, you don't know what's going to happen in the future. There is one offering and the facts is as they were at the time in 1993.

MR. FRIEDMAN: I want to object

to the line of questioning because the Fowler report, unless I'm mistaken, does not break down the negotiations offering by offering. And I don't think there is any basis for the questions along those lines. But if you want to correct me, I'll stand corrected.

A. The Fowler negotiation implies it's one negotiation.

Q. Well, let me see if I can help you. I don't want to interrupt you, but I want to respond to your statement.

If you look at page 30, the concluding statement of Mr. Fowler's report, it says, paragraph 60, he says that the payments to Marvel would have been 3.8 to 7.6 for the Marvel holdings notes, 1.7 to 3.4 for the Marvel parent notes, and 0.9 to 1.1 million for the Marvel III notes for a total of 6.3 to 12.6 million.

What I'm trying to get at, does your analysis provide for a similar breakdown of an offering by offering amount?

A. I haven't done that kind of analysis.

Q. And so you haven't done it to date. Can you describe for me how I can do it using the methodology you employ, how can I do that breakdown?

A. Well, the market cap of the company is still whatever it was, two billion. This is a smaller amount of wealth extraction. So it would imply a smaller absolute dollar value of consideration.

Q. Okay.

So other than it would be smaller, which makes sense to me, what factors would I look at to determine how much it is?

A. Well, it would -- on the other side of things, I would have to think about the restrictions and the participation are all the same. The restrictions could harm me, but there is less money to be paid off and get rid of the restrictions, but the potential harm is still there. And I mean, basically I think as Mr. Fowler says, I would have to be thinking of this debt as Marvel

debt. Because that's how the rating agencies look at it. That's how the world looks at it. So you look at it as Marvel debt for which it is getting no benefit.

I think the percentage of the proceeds that I would ask for would probably go up as the amount being raised went down. But I don't know how to tell you right here what percentage of 288 I would be asking for. I would have to -- the potential harm does not decline in proportion to the decline in the 553 to 288 in my opinion. It declines, but not at the same rate.

So I think you have stumped me and I can't answer that question with any precision.

Q. If you go back to the beginning of your report, page 1.

A. Okay.

Q. In the paragraph at the bottom of the page, it starts "in my opinion".

A. Yes.

Q. You stated that "the negotiation depicted by Mr. Fowler bears little

resemblance to one might reasonably expect to occur in a truly arm's length negotiation. Exchange one unrealistically starts with Marvel saying the restrictions hinder our ability to operate Marvel."

Is it your understanding that the exchanges listed by Mr. Fowler represent a script or a dialogue of how these discussions would have taken place?

A. I think that's what he said it was.

Q. Well, if you read paragraph 59 of Mr. Fowler's report.

A. 59, okay.

Q. Paragraph 59 on page 27.

A. Okay.

Q. Under the heading "Outcome of the Arm's Length Negotiation".

A. Yes.

Q. He says, "My judgment is that Marvel and M&F Holdings would have covered all of these points discussed above in their negotiation."

So you understand that he is referring to the previous?

A. The whole thing, yes.

Q. Yeah, report. And then he says, "The negotiation would likely occur through a series of back and forth exchanges between the parties where each side asserted their benefits and redistributions to the Marvel holding companies and the costs incurred by Marvel."

Without getting to the exact exchanges that Mr. Fowler proposes, do you agree with that approach to laying out how a hypothetical negotiation would take place to try to identify what the back and forth exchanges on arguments or leverage points would be?

A. Well, except the tense on the word incurred is not -- I mean, it's not costs incurred. It's the potential harm to the company that results from accepting these restrictions. That's all.

Q. And you understood whether or not you were agreeing with this analysis that he did look to what the potential costs to Marvel would be from the restrictions; is

that right?

A. No, I don't think he really took adequately into consideration the bet your ranch problem. I think it's -- there is a high level of technical analysis that as I see, it looks solely to the status quo or things getting better, but doesn't look to the issue of what could happen, what could go wrong that would impair Marvel.

That would be my overall criticism of this analysis. I mean, in other words, dwelling on the idea of incurrence test versus maintenance test is not the way I would like at this. I look at it more broadly as what could go wrong that would cause these restrictions to impair Marvel's chances of prospering or surviving. I mean, we are faced in this case with the unusual circumstance that bad things did happen. So it isn't -- I think from my perspective, it's hard to ignore what actually happened in the thinking through what might happen. And that's a reality.

Q. And other than the fact that

Mr. Perelman wasn't willing to put his own money into Marvel, are you aware of any facts as things actually happened supporting the view that these restrictions somehow precluded Marvel from restructuring or reorganizing itself when it got into financial distress?

A. Well, they couldn't -- I mean, no one else could put money in. It wasn't just Perelman.

Q. What's your basis for that statement?

A. Well, the minutes describe a situation, Mr. Perelman describes a situation that says that we can't -- the noteholders are so disbursed that we can't get hold of them to ask them to consider a waiver.

Q. With respect to his proposal, correct?

A. Or any proposal.

Q. Does he say with respect to any proposal or does he say with respect to his proposal?

A. I think it was with respect to his

proposal, but I mean that's because that was the proposal on the table, but there could have been others.

Q. And I take it you haven't read Mr. Icahn's deposition; is that correct?

A. I think that's correct.

Q. And you haven't read Mr. Intrieri's deposition?

A. Right.

Q. Have you looked at any documents from the bankruptcy court?

A. I looked at what I said I looked at.

Q. I keep finding some things that you have looked at that aren't on there.

A. Only one thing.

Q. I'm trying to confirm you didn't look at any of the bankruptcy filings.

A. I don't think so. Such as what? Give me an example.

Q. Such as the motions or orders or proposed plans of reorganizations or offers to buy stock, those kind of things that came out of the bankruptcy court?

A. No.

MR. LOCKWOOD: Why don't we take a break.

THE VIDEOGRAPHER: The time is 4:28 and we're going off the record.

(Thereupon, a recess was taken, and then the proceedings continued as follows:)

THE VIDEOGRAPHER: 4:32 and we're back on the record.

MR. LOCKWOOD: I have no further questions for the witness at this time. Obviously if he is going to formulate any additional opinions, I reserve my right to ask additional questions.

One thing I would like to point out, I noticed toward the end of the deposition that Mr. Longstreth, there was a couple of times where I think you were writing on the record exhibit, so to the extent that there is handwriting on the official exhibits that that's the handwriting

that the witness undertook during the course of the deposition. If copies have that handwriting, that's where it came from.

THE WITNESS: I did write in one of those things.

MR. LOCKWOOD: That's it.

THE VIDEOGRAPHER: It's 4:33 and this concludes the deposition.

_____

BEVIS LONGSTRETH

Subscribed and sworn to before me this ___ day of _____, 2006.

_____

---------- I N D E X ----------

---------- INFORMATION REQUESTS ----------

NONE

---------- EXHIBITS ----------

C E R T I F I C A T E

STATE OF NEW YORK)
: ss
COUNTY OF NEW YORK)

I, Adrienne M. Mignano, a Notary Public within and for the State of New York, do hereby certify:

That BEVIS LONGSTRETH, the witness whose deposition is hereinbefore set forth, was duly sworn by me and that such deposition is a true record of the testimony given by the witness.

I further certify that I am not related to any of the parties to this action by blood or marriage, and that I am in no way interested in the outcome of this matter.

IN WITNESS WHEREOF, I have hereunto set my hand this 25th day of May 2006.

Adrienne Mignano

ADRIENNE M. MIGNANO

-----Original Message-----
From: Paul Lockwood [mailto:PLOCKWOO@skadden.com]
Sent: Thursday, September 15, 2005 5:25 PM
To: Stubbs, Emily A.
Subject: RE: Cantor v. Perelman: Proposed Schedule

Emily

Per our telephone discussions and my voicemail of this afternoon, attached is a proposed scheduling order. With exceptions I've already discussed, it tracks your initial proposal. I added a few things that come from the Judge's off-the-rack scheduling order.

I've got to run to a parent-teacher conference at my daughter's school tonight, so I will call you first thing AM.

>>> "Stubbs, Emily A." <estubbs@fklaw.com> 09/15/05 10:13 AM >>>
Paul,
Please send us your response to our proposed schedule as soon as possible. We were hoping we would have time to try to resolve any disagreements and still make a joint submission to the Court this week.
Emily

> -----Original Message-----
> From: Stubbs, Emily A.
> Sent: Friday, September 09, 2005 3:21 PM
> To: 'plockwoo@skadden.com'
> Cc: Friedman, Edward A.; Rapport, Daniel B.
> Subject: Cantor v. Perelman: Proposed Schedule
>
> Paul:
> In accordance with Judge Jordan's directions during today's telephone
> conference, we propose the following schedule for briefing of the
> outstanding issues, completion of expert discovery, and submission of
> the pretrial order:
>
> Jury trial briefs (simultaneous briefing, 10 pages): Oct. 21
> Submissions re: privilege issues (simultaneous letter briefs): Oct. 21
> Service of new expert reports: Jan. 13
> Service of rebuttal expert reports: March 3
> Completion of expert depositions: April 21
> Plaintiffs serve draft of pretrial order:
> May 22
> Defendants serve response to plaintiffs' draft
> with any proposed additions and revisions: June 8
> Submit final joint pretrial order to Court: June 28
> Parties file jury instructions, verdict forms, jury interrogatories:
> Aug. 7 Pretrial conference:
TBD by
> court, date proposed is on or about Sept. 11
>

Trial Oct.
10-
> Oct. 27, 2006
>
> Please let me know if these dates are acceptable to you. Thanks,
Emily
>
> Emily A. Stubbs, Esq.
> Friedman Kaplan Seiler & Adelman LLP
> 1633 Broadway
> New York, New York 10019-6708
> 212-833-1100 (tel.)
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>
> **********
>
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> advance for your cooperation and assistance.
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Further information about the firm, a list of the Partners and their professional qualifications will be provided upon request.
****

IN THE DISTRICT COURT OF THE STATE OF DELAWARE

IN AND FOR NEW CASTLE COUNTY

RONALD CANTOR, IVAN SNYDER and JAMES A. SCARPONE, as TRUSTEES OF THE MAFCO LITIGATION, and as SUCCESSORS IN INTEREST TO MARVEL ENTERTAINMENT GROUP, INC. et al.,	:	
Plaintiffs,	:	
v.	:	C. A. No. 97-586 RRM (KAJ)
RONALD O. PERELMAN, MAFCO HOLDINGS INC., MacANDREWS & FORBES HOLDINGS INC., ANDREWS GROUP INC., WILLIAM C. BEVINS and DONALD G. DRAPKIN,	:	
Defendants.	:	

SCHEDULING ORDER

At Wilmington, Delaware, this ___ day of _____, 2005,

Following a scheduling conference held on September 9, 2005, IT IS ORDERED that:

1. Discovery

(a) Fact Discovery. Fact discovery is complete and neither party can initiate additional fact discovery without leave of the Court.

(b) Disclosure of Expert Testimony. Either party may identify supplemental expert testimony on or before January 13, 2005 by filing a supplemental report in accordance with Federal Rule 26(a)(2). The parties shall file rebuttal expert reports on or before March 3, 2006. Depositions upon oral examinations of experts so identified shall be initiated so that it will be completed on or before April 21, 2006.

(c) Daubert Motions. To the extent any objection to expert testimony is made pursuant to the principles announced in Daubert v. Merrell Dow Pharm., Inc., 509 U.S. 579 (1993), it shall be made by motion no later than June 14, 2006, unless otherwise ordered by the Court.

(d) Discovery Disputes (In General). Should counsel find they are unable to resolve a discovery dispute, the party seeking the relief shall contact chambers at (302) 573-6001 to schedule a telephone conference. Not less than forty-eight hours prior to the conference, the party seeking relief shall file with the Court a letter, not to exceed three pages, outlining the issues in dispute and its position on those issues. (The Court does not seek extensive argument or authorities at this point; it seeks simply a statement of the issue to be addressed and or summary of the basis for the party's position on the issue.) Not less than twenty-four hours prior to the conference, any party opposing the application for relief may file a letter, not to exceed three pages, outlining that party's reasons for its opposition. Should the Court find further briefing necessary upon conclusion of the telephone conference, the Court will order it.

(e) The Pending Motion to Compel The parties should meet and confer to resolve the outstanding dispute regarding defendants' assertion of the attorney-client privilege. If the parties are not able to resolve that dispute, then on or before October 21, 2005, plaintiffs shall renew their application, in accordance with the procedure set forth in the prior paragraph, by making their request for a teleconference.

2. Motion to Strike Jury Demand Defendants shall file their motion to strike the jury demand and supporting papers on or before October 21, 2005. The motion shall be briefed in accordance with the Court's Local Rules.

2. Pretrial Conference On September ___, 2006, the Court will hold a Rule 16(d) Final Pretrial Conference in Courtroom No. ___ with counsel beginning at ___ _.m. On or before May 8, 2006, plaintiffs' counsel shall forward to defendants' counsel a draft of the pretrial order with the information plaintiff proposes to include in that draft. On or before June 8, 2006, defendants' counsel shall, in turn, provide plaintiffs' counsel with comments on the plaintiffs' draft and the information the defendants intend to include in the proposed order. Each party shall include in the draft pretrial order an identification of each expert witness that party expects to call to testify at the trial and a brief statement of the substance of each opinion the expert will testify to at the trial. The final pretrial order shall be filed with the Court on or before June 28, 2006. Unless otherwise ordered by the Court, the parties should assume that filing the pretrial order satisfies the pretrial disclosure requirement in Federal Rule of Civil Procedure 26(a)(3).

2. Motions *in Limine*. Motions *in Limine* shall not be separately filed. All *in limine* requests and responses thereto shall be set forth in the proposed pretrial order. Each party shall be limited to five *in limine* requests, unless otherwise permitted by the Court. The *in limine* request and any response shall contain the authorities relied upon; each *in limine* request may be supported by a maximum of five pages of argument and may be opposed by a maximum of five pages of argument. If more than one party is supporting or opposing an *in limine* request, such support or opposition shall be combined in a single five (5) page submission, unless otherwise ordered by the Court. No separate briefing shall be submitted on *in limine* requests, unless otherwise permitted by the Court.

3. Jury Instructions, Voir Dire, and Special Verdict Forms. If the case is to be tried to a jury, pursuant to Local Rules 47 and 51, the parties should simultaneously exchange draft proposed instructions to the jury, special verdict forms and jury interrogatories on August 7, 2006. The parties shall file proposed voir dire, instructions to the jury, and special verdict forms and jury interrogatories three full business days before the final pretrial conference. That submission shall be accompanied by a computer diskette (in WordPerfect format) which contains the instructions, proposed voir dire, special verdict forms and jury interrogatories.

4. Trial. This matter is scheduled for a trial beginning at 9:30 a.m. on October 10, 2006 and shall conclude on October 27, 2006.

UNITED STATES DISTRICT JUDGE

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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

RONALD CANTOR, IVAN SNYDER,)
JAMES A. SCARPONE, as)
Trustee of the MAFCO)
Litigation Trust,)
)
Plaintiffs,)
)
- against -) Index No.
)
RONALD O. PERELMAN;) 97-586 (KAJ)
MAFCO HOLDINGS, INC.,)
MacANDREWS & FORBES)
HOLDINGS, INC.; ANDREWS)
GROUP INCORPORATED;)
WILLIAM C. BEVINS;)
DONALD G. DRAPKIN,)
)
Defendants.)
_____)

VIDEOTAPED DEPOSITION OF ANDREW S. CARRON

New York, New York

Friday, April 7, 2006

Reported by:
DIANE HARTY
JOB NO. 183258

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April 7, 2006

10:05 a.m.

Videotaped Deposition of ANDREW S. CARRON, held at 4 Times Square, New York, New York, pursuant to Notice, before DIANE HARTY, a Notary Public of the State of New York.

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to try to reformulate this idea, but it's one I'm having trouble grasping.

Suppose the indenture covenants could be imposed on Marvel only with the consent of Marvel. Is it your opinion that the value of that consent is $156.7 million?

A. I hadn't thought about it in that framework, but I think that the value to the issuer of obtaining that consent and thereby being permitted to issue the note was worth 156.7 million.

Q. Okay. Let me keep at it.

Am I correct that you are offering no opinion as to the value to the buyers of the notes of the indenture covenants?

A. It's -- it's true I'm not offering that opinion. It's possible that one could determine that value from the work that I've done, but I'm not offering that opinion.

Q. And you have not been asked to give such an opinion?

A. That's correct.

Q. Now, that $156.7 million value of the consent that we just talked about, you are not

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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

RONALD CANTOR, IVAN SNYDER and JAMES A. SCARPONE, as TRUSTEES OF THE MAFCO LITIGATION, and as SUCCESSORS IN INTEREST TO MARVEL ENTERTAINMENT GROUP, INC., et al.,

Plaintiffs,

v.

Civil Action
No. 97-586-KAJ

RONALD O. PERELMAN, MAFCO HOLDINGS INC., MacANDREWS & FORBES HOLDINGS INC., ANDREWS GROUP INC., WILLIAM C. Bevins and DONALD G. DRAPKIN,

Defendants.

Deposition of LAWRENCE A. HAMERMESH, ESQUIRE taken pursuant to notice at the law offices of Skadden, Arps, Slate, Meagher & Flom LLP, One Rodney Square, 7th Floor, Wilmington, Delaware, beginning at 8:36 a.m., on Monday, May 8, 2006, before Kurt A. Fetzer, Registered Diplomate Reporter and Notary Public.

APPEARANCES:

EDWARD A. FRIEDMAN, ESQ.

EMILY A. STUBBS, ESQ.

FRIEDMAN KAPLAN SEILER & ADELMAN LLP

1633 Broadway

New York, New York 10019-6708

For the Plaintiffs

WILCOX & FETZER

1330 King Street - Wilmington, Delaware 19801

(302) 655-0477

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APPEARANCES: (Cont'd)

THOMAS J. ALLINGHAM, II, ESQ.
BRIAN G. LENHARD, ESQ.
SKADDEN ARPS SLATE MEAGHER & FLOM LLP
One Rodney Square - 7th Floor
Wilmington, Delaware 19801
For the Defendants

ALSO PRESENT:
LINDSAY DuPHILY - VIDEOTAPE OPERATOR
DISCOVERY VIDEO SERVICES

- - - - -

THE VIDEOTAPE OPERATOR: This is the videotape deposition of Mr. Lawrence A. Hamermesh taken by the plaintiff in the matter of Ronald Cantor, Plaintiffs, versus Ronald O. Perelman, Civil Action No. 97-586.

This deposition is being held in the offices of Skadden, Arps, Slate, Meagher & Flom, Wilmington, Delaware. We are going on the record at approximately 8:36 a.m. on May 8, 2006.

The court reporter is Kurt Fetzer from the firm of Wilcox & Fetzer, Wilmington, Delaware.

My name is Lindsay DuPhily and I'm the videotape specialist of Discovery Video Services in association with Wilcox & Fetzer.

Counsel will now introduce themselves and then the court reporter will swear in the witness.

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plan to.

Q. How much are you being paid?

A. I'm paid at the rate of $400 per hour.

Q. And what's the total number of hours you have spent on this assignment so far?

A. Not a lot. I didn't look that up and I don't remember. It's a fairly small number.

Q. So your total compensation is what you're referring to now?

A. Or hours, whichever way. It's the same thing.

Q. Who has paid you so far?

A. I'm not sure anybody has paid me yet.

Q. Please tell me what documents or other materials you considered in preparation of your report.

A. Well, let's see. In preparing my report I looked at some case law, including the cases that are cited in the report.

I looked at an excerpt from the notes prospectuses, one of the notes prospectuses, and reviewed the opinion of the Third Circuit in this matter and a brief in the Third Circuit prepared by the defendants.

Q. Is that a complete list of the documents you

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reviewed in connection with this matter?

A. It's what I can come up with right now. There may have been one or two others, but that's all I can remember.

MS. STUBBS: Tom, we request that a complete list of materials considered be provided.

MR. ALLINGHAM: Okay.

BY MS. STUBBS:

Q. Were there any communications with Skadden lawyers in which information was provided to you that you considered in the preparation of the report?

A. The documents I just mentioned.

Q. Any other oral communications in which information was provided to you?

A. Yes. I'm sorry. After I prepared my report -- are you talking about in preparation of the report or after?

Q. Anything you considered in the preparation of your report.

A. Okay. I don't believe there was any -- I don't remember any information being supplied in connection with the preparation of my report beyond what we have already discussed.

Q. When you said just a moment ago after you